

China Business Compliance Report

D-U-N-S® NUMBER 65-450-2665
Company Name China Sample Report Co., Ltd.
中国样本报告有限公司
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Prepared by: Shanghai Huaxia Dun & Bradstreet Business
Information Consulting Co., Ltd.
Delivery Date: Sep 01, 2020

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Current Investigation

Entrusted by the subject company's partner/your company, HDBC have completed the compliance report on the subject company. On September 1, 2020, HDBC Business Analyst (BA) contacted Mr. Zhang (Tel.: 021-57505988), Marketing Director, by telephone/e-mail and confirmed the relevant historical and operational information with him. Moreover, the BA conducted a compliance screening on the subject company, its principals as well as its related entities in respect to litigation filings, adverse media reports, administrative supervision, black/sanction list and etc., by means of browsing the subject company's homepage, mainstream media websites and public websites run by Chinese government.

Summary

Identification	Legal Risk	Regulatory Risk	Adverse Media	Black/Sanction List	Potential Business Conflict of Interest (with Management Team)	Credit Risk
						
Potential Risk Flags						
 Alert	Legal Risk Relevant legal risk information about subject company: 2 records (Page 4: Screening Details – Legal Risk) Red Light Suggestion: Need subject company provide instructions to further assess the impact of compliance.					
	 Attention	Regulatory Risk <ul style="list-style-type: none"> Subject company was classified as Enterprise with rather poor credit according to the search in General Administration of Customs of the People's Republic of China website and is suitable for under close supervision (Page 4: Screening Details – Regulatory Risk) Yellow Light Suggestion: Need provide instructions to further assess the impact of compliance.				
Potential Business Conflict of Interest (with Management Team) <ul style="list-style-type: none"> Principal(s) was found 18 clues of potential business interest conflicts (Page 6: Screening Details – Potential Conflict of Business Interest) Individual shareholder(s) was found 3 clues of potential business interest conflicts (Page 8: Screening Details – Potential Conflict of Business Interest) Yellow Light Suggestion: Need provide instructions to further assess the impact of compliance.						
Adverse Media <ul style="list-style-type: none"> Parent company was matched 1 adverse media records (Page 7: Screening Details – Adverse Media) Subsidiary was matched 2 adverse media records (Page 9: Screening Details — Adverse Media) Affiliate(s) was matched 1 adverse media records (Page 10: Screening Details — Adverse Media) Yellow Light Suggestion: Need provide instructions to further assess the impact of compliance.						
Black/Sanction List <ul style="list-style-type: none"> Ultimate parent company was found in black list or sanction list. (Page 9: Screening Details — Black/Sanction) Yellow Light Suggestion: Need provide instructions to further assess the impact of compliance.						
Credit Risk <ul style="list-style-type: none"> Risk Assessment Matrix indicates that subject is in High risk group. (Page 8: Credit Risk) Yellow Light Suggestion: Need provide instructions to further assess the impact of compliance.						

For the explanation of HDBC Compliance Report Red/Yellow/Green Lights, please refer to appendix.

Potential Business Interest Conflict Clue is based on the matching result with HDBC database.

Principles (Including legal representative, board members, supervisors, senior management personnel, etc.) and individual shareholders have been ruled out the possibility of same names, others cannot be excluded and is for reference only.

Public records in the report are successively collected during the routine process of data maintenance and update. Please note that the links may become invalid due to the update, change or removal of the source websites.

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1. SUBJECT COMPANY OVERVIEW

1.1 Subject Company Identification

Registration Name	中国样本报告有限公司	English Name	China Sample Report Co., Ltd.
Started Year	1989	Type of Business	Sino-foreign Joint Venture
Registration Date	Feb. 26, 1989	License Expiry Date	Feb. 25, 2031
Registration Authority	Shanghai Administration for Industry & Commerce Jiading Branch		
Unified Social Credit Identifier	91440300060292148N	Registration Status	Active
Registered Capital	RMB 15,500,000	Operation Status	Active
Paid-in Capital	RMB 15,000,000	Customs Credit Class	Enterprise with rather poor credit
Legal Representative	Tian HUA (华田)		
Registered Address	No.3, Yongjia Road, Wuniu Industry Zone, Jiading Dist., Shanghai		
Business Scope	Manufacture of lighting appliances, lamps and accessories (except light source), electrical antenna, plastic products (except medical plastic products), procession of machine parts, self-operation and being an agent of import and export of variety of commodities and technologies (except those limited and prohibited by State)		
Other License	License Name, Licensing Authority, Validation Date, License Number		
Annual Report	The 2019 annual report of subject company is published on Mar. 1, 2020.		
Note			

1.2 Principals

Legal Representative	Tian HUA (华田)		
Board Member	Qi SUN (孙七)、Liu ZHAO (赵六)	Supervisor	Yi ZHOU (周易)
Chairman of Director	Tian HUA (华田)	Vice Chairman	-
General Manager	Wu WANG (王五)	Finance Director	Si LI (李四)
Other 1		Other 2	

1.3 Related Entities

Related Companies	
Ultimate Parent Company	China Sample Group Co., Ltd.
Shareholding Structure	Institutional Shareholders
	Sample Report Parent Company (60% shares held in subject company, Parent Company) Sample Report Minor Shareholder Co., Ltd.1 (20% shares held in subject company); Sample Report Minor Shareholder Co., Ltd.2 (10% shares held in subject company)
	Individual Shareholders
	San ZHANG (10% shares held in subject company)
Subsidiaries	Sample Report Subsidiary Co., Ltd. (100% owned by subject company)
Affiliates	Sample TW Co., Ltd. (30% owned by subject company)
Branches	Sample Report Branches Co., Ltd.
Ultimate Controlling Owner	China Sample Ultimate Controlling Owner

Remarks:

Clarification of Ultimate Beneficial Owner(UBO) provided in HDBC report service: the following three cases could be regarded as the target subject' s UBO in the case of registration and availability from official institutions in mainland China: 1) individual shareholder with the largest proportion of cumulative ownership interest, or 2) the overseas company at the higher level, or 3) an institution directly under the management of the State Council (e.g., SASAC). Consult Huaxia Dun &Bradstreet sales and customer service team on the need to obtain a Global Beneficial Owner (GBO), or a compliance risk screening for UBO/GBO.

Change History

Company Name

From	China Sample Group Co., Ltd. Previous Name
Changed to	Current Status
	Change Date 2015-02-18

Legal Representative

From	Legal Representative Previous Name
Changed to	Current Status
	Change Date 2015-01-14

Shareholder

From	Shareholder Previous Name
Changed to	Current Status
	Change Date 2014-12-20

1.4 Screening Result

<input checked="" type="checkbox"/>	Identification Abnormal	No Match	<input checked="" type="checkbox"/>	Adverse Media	No Match
<input checked="" type="checkbox"/>	Litigation Filings	Match ✖	<input checked="" type="checkbox"/>	Black/Sanction List	No Match
<input checked="" type="checkbox"/>	Regulatory Risk	Match ✖	<input checked="" type="checkbox"/>	Corporate Bribery Records	No Match

1.5 Screening Details

Screening Details –Litigation Filings

Judgment Date	Oct 19, 2019
Court	District Court Judgment
Plaintiff(s)	Hope Shanghai Company
Type	Business dispute
Case Details	Shanghai No.2 Intermediate People’s Court - (2019) Hu Er Zhong Min Er (Min) Chu No.9. The case is closed.

Judgment Date	Mar 13, 2019
Court	District Court Judgment
Plaintiff(s)	N/A
Case Details	Shanghai Higher People’s Court - (2019) Hu Fa Zhi Zi No.02695. Currently, the case is still ongoing.
Judgment	To compensate the plaintiff with reimbursement of 3,174.00 RMB

Screening Details – Regulatory Risk

Customs Disclosure Information - The customs information of the subject company was searched and collected via the websites of China’s General Administration of Customs and its provincial subordinates:

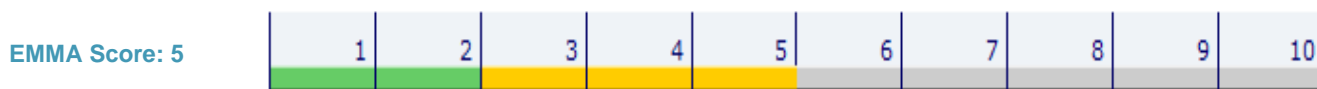
Customs Code	Credit Class	Customs Deregistration	The Validity of Declaration
1234567890	Enterprise with rather poor credit	Normal	Jul. 31, 2016

1.6 Credit Risk

D&B Rating

Financial Strength	4AA	(Registered Capital between RMB 85,000,000 and RMB 449,000,000)
The Composite Credit Appraisal	3	Overall Credit Condition which is considered Fair

D&B EMMA Score



EMMA Score Evaluation

Subject Company's EMMA score is mainly impacted by the following risk drivers:

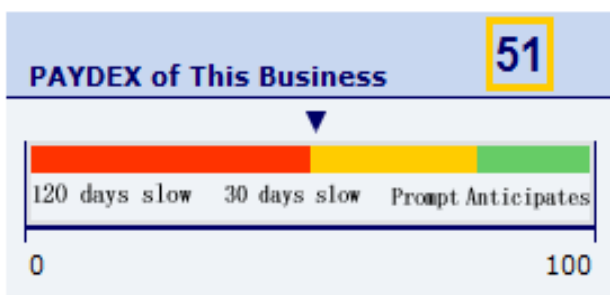
- Subject company has a long history of 23 years, donating a lower risk level.
- Subject company's history is Clear (Complete Shareholder(s) and management information), which indicates a lower risk level.
- Subject company is a state-owned enterprise, which is classified as a medium risk type of business.
- Subject company/Industry PAYDEX® shows the company/industry has some delay payment, indicating medium risk.

By evaluating all risk factors, the company is assigned with EMMA score of "5", indicating "Slight Below Average Risk".

Industry Group Standard

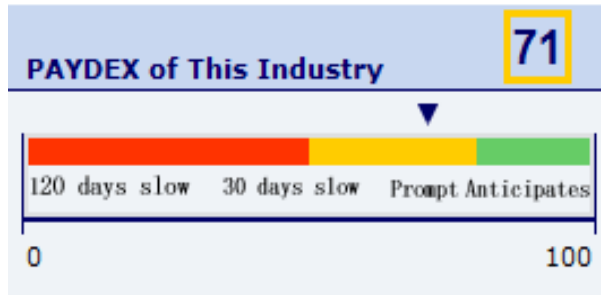
Industry Group Description	Lighting Equipment, nec	
Industry Group EMMA Score (Quartile Values)	Lower Quartile	5
	Median	6
	Upper Quartile	7

D&B PAYDEX



When weighted by value, payments to suppliers average 29 days beyond terms based on payments collected over the last 24 months

This business has a lower PAYDEX than its industry



When weighted by value, payments to suppliers average 14 days beyond terms based on payments collected over the last 24 months

- **Industry Name:** Lighting equipment, nec
- **Industry Median:** 71
- **Upper/Lower Quartile:** 80/58
- **Based on:** 152 businesses

D&B PAYDEX® KEY

- High risk of late payment (average 30 to 120 days beyond terms)
- Medium risk of late payment (average 30+ days or less beyond terms)
- Low risk of late payment (average prompt to 30+ days sooner)

Risk Assessment Matrix

PAYDEX	Risk Range		
	Low (EMMA 1 - 3)	Medium (EMMA 4 - 7)	High (EMMA 8 - 10)
PAYDEX ≥ 80	AA	BA	CA
80 > PAYDEX ≥ 60	AB	BB	CB
PAYDEX < 60	AC	BC (Subject lies in this group)	CC

Interpretation and Analysis of Risk Assessment Matrix

Classifications	Risk Level	Description	Credit Policy
Quality group	AA->AB	Business is sound, and the bills are paid promptly with good credit reputation.	Favorable credit policy can be granted with automatic approval.
Medium risk group	BA->BB->AC	Business is operated under medium risk, and some delay payment behaviors exist.	Appropriate credit policy is suggested with some manual review.
High risk group	CA->BC->CB	Business is operated under high risk, and some severe delay payment behaviors exist.	Relatively strict credit policy is suggested with detailed manual review.
Monitoring group	CC	Business is run under high risk or with high possibility of windup, and the bills are unable to be paid in time.	Avoid credit sales. Cash settlement is suggested.

*Risk levels are listed in order of risk from low to high.

According to the Risk Assessment Matrix, subject company is rated as "BC", which represents the subject company belongs to the high risk group:

- The risk level of the subject company is medium, which reveals its business risk is at the average level amid all Chinese enterprises.
- The PAYDEX® of subject company /industry indicates that its payment experience is below the average level, and some severe delay payment behaviors exist.

On the whole, Subject company's business is operated at the average level and its business risk is also in the general level. While the subject company/industry has some severe delay payment behaviors, therefore, the subject company is rated in the high risk group. The cash settlement and the advance payment are recommended. If the credit policy needs to be granted to the subject company, a decent manual review of the subject company based on its capacity, internal policy and risk tolerance is highly recommended, and the relatively strict credit policy is necessary.



2. PRINCIPALS

2.1 Principals

(华田) Tian HUA			
Position	Chairman of Director also Legal Representative	Daily Operation	Yes
Educational Background	Master	Area of Responsibility	Overall management
Qualification and Title	Senior Economist	Related Working Experience	Over 5 years
Serving Company	2 company(ies) besides the subject company.	For specific companies and positions, please see "2.3 Screening Details"	
Investing Company	3 companies (excluding the subject company)	For specific investing companies and ratio of investment, please see "2.3 Screening Details"	

(孙七) Qi SUN			
Position	Board Member	Daily Operation	No
Educational Background	Bachelor Degree	Area of Responsibility	Strategic business planning and development
Qualification and Title	Senior Accountant	Related Working Experience	Over 3 years

Serving Company	1 company(ies) besides the subject company.	For specific companies and positions, please see “2.3 Screening Details”
Investing Company	1 companies (excluding the subject company)	For specific investing companies and ratio of investment, please see “2.3 Screening Details”

(赵六) Liu ZHAO			
Position	Board Member	Daily Operation	No
Educational Background	Bachelor Degree	Area of Responsibility	Strategic business planning and development
Qualification and Title	Senior Accountant	Related Working Experience	Over 4 years
Serving Company	1 company(ies) besides the subject company.	For specific companies and positions, please see “2.3 Screening Details”	
Investing Company	1 companies (excluding the subject company)	For specific investing companies and ratio of investment, please see “2.3 Screening Details”	

(周易) Yi ZHOU			
Position	Supervisor	Daily Operation	Yes
Educational Background	Master	Area of Responsibility	Overall management
Qualification and Title	Senior Economist	Related Working Experience	Over 7 years
Serving Company	2 company(ies) besides the subject company.	For specific companies and positions, please see “2.3 Screening Details”	
Investing Company	2 companies (excluding the subject company)	For specific investing companies and ratio of investment, please see “2.3 Screening Details”	

(王五) Wu WANG			
Position	General Manager	Daily Operation	Yes
Educational Background	Master	Area of Responsibility	Overall management
Qualification and Title	Senior Economist	Related Working Experience	Over 5 years
Serving Company	2 company(ies) besides the subject company.	For specific companies and positions, please see “2.3 Screening Details”	
Investing Company	1 companies (excluding the subject company)	For specific investing companies and ratio of investment, please see “2.3 Screening Details”	

(李四) Si LI			
Position	Finance Director	Daily Operation	Yes
Educational Background	Master	Area of Responsibility	Overall management
Qualification and Title	Senior Economist	Related Working Experience	Over 6 years

2.2 Screening Result

Litigation Filings No Match
 Adverse Media No Match

Potential Conflict of Business Interest (with Management Team) - Relevant Work Experience - No Match

Potential Conflict of Business Interest (with Management Team) - Database - Match ※

Potential Conflict of Business Interest (with Management Team) - Government Official - No Match

2.3 Screening Details

Screening Details

- Potential Conflict of Business Interest (with Management Team) - Database

A total number of 18 clue(s) in potential conflicts of business interest has(have) been found via interview / inquiry of Registration Authority (search results on served / invested companies, position and ratio of investments were inquired as of MMM. DD, YYYY):

Among the above clues, 5 clue(s) in potential conflicts of business interest has(have) been found via inquiry of Registration Authority. Namely, subject company's legal representative (Tian HUA) has a position or investment in following enterprises. Details as below:

Name: Tian HUA

Serving Company	Position	Work Experience
China Sample Report Co., Ltd. 1	Finance Director	-
China Sample Report Co., Ltd. 2	Finance Director	-

Investing Company	Ratio of Investments
Sample Investment (Shanghai) Co., Ltd 1	50%
Sample Investment (Shanghai) Co., Ltd 2	30%
Sample Investment (Shanghai) Co., Ltd 3	20%

Among the above clues, 2 clue(s) in potential conflicts of business interest have been found via interview / inquiry of Registration Authority. Namely, subject company's board member (Qi SUN) has a position or investment in following enterprises. Details as below:

Name: Qi SUN

Serving Company	Position	Work Experience
China Sample Report Co., Ltd. 3	Finance Director	-

Investing Company	Ratio of Investments
Sample Investment (Shanghai) Co., Ltd 1	30%

Among the above clues, 2 clue(s) in potential conflicts of business interest have been found via interview / inquiry of Registration Authority. Namely, subject company's board member (Liu ZHAO) has a position or investment in following enterprises. Details as below:

Name: Liu ZHAO

Serving Company	Position	Work Experience
China Sample Report Co., Ltd. 4	Finance Director	-

Investing Company	Ratio of Investments
Sample Investment (Shanghai) Co., Ltd 1	20%

Among the above clues, 4 clue(s) in potential conflicts of business interest have been found via interview / inquiry of Registration Authority. Namely, subject company's supervisor (Yi ZHOU) has a position or investment in following enterprises. Details as below:

Name: Yi ZHOU

Serving Company	Position	Work Experience
China Sample Report Co., Ltd. 5	Finance Director	-
China Sample Report Co., Ltd. 6	Finance Director	-

Investing Company	Ratio of Investments
Sample Investment (Shanghai) Co., Ltd 1	50%
Sample Investment (Shanghai) Co., Ltd 2	30%

Among the above clues, 3 clue(s) in potential conflicts of business interest have been found via interview / inquiry of Registration Authority. Namely, subject company's general manager (Wu WANG) has a position or investment in following enterprises. Details as below:

Name: Wu WANG

Serving Company	Position	Work Experience
China Sample Report Co., Ltd. 7	Finance Director	-
China Sample Report Co., Ltd. 8	Finance Director	-

Investing Company	Ratio of Investments
Sample Investment (Shanghai) Co., Ltd 1	40%

Among the above clues, 2 clue(s) in potential conflicts of business interest has (have) been found via inquiry of HDDB Business Database. Namely, subject company's Finance Director (Si LI) has the same name with principals of following enterprises. The search result cannot rule out the possibility of same name. Details as below:

Name: Si LI

Industry (By Correlation)	Company Name
Industry 1	*****
Industry 2	*****



3. ULTIMATE PARENT COMPANY

3.1 Ultimate Parent Company

D-U-N-S® Number 66-000-8888

Company Name	Sample Report Parent Company
Chinese Name	中国样本报告集团有限公司

3.2 Screening Result

<input checked="" type="checkbox"/> Litigation Filings	No Match	<input checked="" type="checkbox"/> Black/Sanction List	Match ✖
<input checked="" type="checkbox"/> Adverse Media	No Match		

3.3 Screening Details

Screening Details — Black/Sanction List

According to the search on the blacklists and sanction lists that released by foreign government departments and international organizations in United States, United Kingdom, Australia, European Union and UN Security Council Committees, the following entity has been found in the related list(s).

Entity Name: **Sample Report Parent Company**
 List: SDN List of OFAC, US Department of Treasury



4. INSTITUTIONAL & INDIVIDUAL SHAREHOLDERS

4.1 Parent Company

D-U-N-S® Number	65-466-0166	Shares Held in Subject Company	60%
Company Name	Sample Report Parent Company	Registered Capital	RMB 200,000,000
Chinese Name	中国样本报告母公司	Type of Business	a limited liability company
Address	No.23, Pingzhong E. Road, Lanshan Town, Longgang District, Shenzhen, Guangdong	Year of Establishment	1985
Tel	0755-89936799	Fax	0755-89938759

4.2 Screening Result

<input checked="" type="checkbox"/> Litigation Filings	No Match	<input checked="" type="checkbox"/> Black/Sanction List	No Match
<input checked="" type="checkbox"/> Adverse Media	Match ✖		

4.3 Screening Details

Screening Details – Adverse Media

A total number of 1 adverse media result has (have) been found through the search of disclosed information on the internet. Details as below:

Sample Report Parent Company

Information Source: SINA.COM

Disclose Date: Jan. 1, 2015

Keyword: Sample Report Parent Company product JDD lamps in the United States involving monopoly investigation

Web Link: <http://www.sina.com.hk/search?hl=zh-CN&source=hp&q>

4.4 Minor Shareholders

D-U-N-S® Number	66-386-8888
Company Name	Sample Report1 Shareholder Co., Ltd.
Chinese Name	中国样本报告参股股东有限公司 1
Address	Hong Kong
Shares Held in Subject Company	20%
D-U-N-S® Number	66-386-0000
Company Name	Sample Report2 Shareholder Co., Ltd.
Chinese Name	中国样本报告参股股东有限公司 2
Address	Macau,
Shares Held in Subject Company	10%

4.5 Screening Result

<input checked="" type="checkbox"/> Litigation Filings	No Match	<input checked="" type="checkbox"/> Black/Sanction List	No Match
<input checked="" type="checkbox"/> Adverse Media	No Match		

4.6 Screening Details

No matched information has been found during current investigation.

4.7 Individual Shareholders

Individual Shareholder	San ZHANG	Qualification and Title	Senior Economist
Educational Background	Master	Daily Operation	Yes
Serving Company	1 company(ies) besides the subject company.	For specific companies and positions, please see "4.6 Screening Details"	
Investing Company	2 companies (excluding the subject company)	For specific investing companies and ratio of investment, please see "4.6 Screening Details"	

4.8 Screening Result

<input checked="" type="checkbox"/> Litigation Filings	No Match	<input checked="" type="checkbox"/> Adverse Media	No Match
<input checked="" type="checkbox"/> Potential Conflict of Business Interest (with Management Team) – Database	Match ✖	<input checked="" type="checkbox"/> Potential Conflict of Business Interest (with Management Team) - Government Official	No Match

4.9 Screening Details

Screening Details

- Potential Conflict of Business Interest (with Management Team) - Database

A total number of 3 clue(s) of potential business interest conflicts has (have) been found via interview/ inquiry of Registration Authority (search results on served/invested companies, position and ratio of investments were inquired as of MMM. DD, YYYY).

Namely, individual shareholder (San ZHANG) has a position or investment in following enterprises. Details as below:

Name: San ZHANG

Serving Company	Position	Work Experience
China Sample Report Co., Ltd. 7	General Manager	-

Investing Company	Ratio of Investments
Sample Investment (Guangzhou) Co., Ltd 1	40%
Sample Investment (Guangzhou) Co., Ltd 2	30%



5. SUBSIDIARIES

5.1 Subsidiaries

D-U-N-S® Number	66-386-1234
Company Name	Sample Report Subsidiary Co., Ltd.
Chinese Name	中国样本报告子公司
Address	123 Renmin Rd., Ningbo, Zhejiang
% Owned by Subject Company	100%

5.2 Screening Result

<input checked="" type="checkbox"/> Litigation Filings	No Match	<input checked="" type="checkbox"/> Black/Sanction List	No Match
<input checked="" type="checkbox"/> Adverse Media	Match ✖		

5.3 Screening Details

Screening Details — Adverse Media

A total number of 2 adverse media record(s) has (have) been found through the search of disclosed information on the internet. Details as below:

Sample Report Subsidiary Co., Ltd.

Source: Financial Times

Publish Date: Sep. 20, 2019

Keyword: Sample Report Subsidiary Co., Ltd. Product is not qualified

Web Link: <http://www.finance.com.hk/search?hl=z36h-CN&source>

Source: SINA.COM

Publish Date: Apr. 4, 2019

Keyword: Sample Report Subsidiary Co., Ltd. Was punished for violating the action

Web Link: <http://www.sina.com.hk/search?hl=zh26-CN&5source=hp&q>



6. AFFILIATES

6.1 Affiliates

D-U-N-S® Number	62-123-4554
Company Name	Sample TW Co., Ltd.
Chinese Name	中国样本报告台湾公司
Address	Taiwan
% Owned by Subject Company	30%

6.2 Screening Result

<input checked="" type="checkbox"/> Litigation Filings	No Match	<input checked="" type="checkbox"/> Black/Sanction List	No Match
<input checked="" type="checkbox"/> Adverse Media	Match ※		

6.3 Screening Details

Screening Details — Adverse Media

A total number of 1 adverse media record(s) has (have) been found through the search of disclosed information on the internet. Details as below:

Sample TW Co., Ltd.

Source: 163.COM

Publish Date: Jul. 2, 2019

Keyword: Sample TW Co., Ltd. Is facing bankruptcy

Web Link: <http://www.163.com.hk/search?hl=z36h-CN&source>



7. BRANCHES

7.1 Branches	
D-U-N-S® Number	62-123-4550
Company Name	Sample Report Branches Co., Ltd.
Chinese Name	中国样本报告分支机构
Address	No. 310, Fuzhou Road, Shanghai, China

7.2 Screening Result

<input checked="" type="checkbox"/> Litigation Filings	No Match	<input checked="" type="checkbox"/> Black/Sanction List	No Match
<input checked="" type="checkbox"/> Adverse Media	No Match		

7.3 Screening Details

No matched information has been found during current investigation.



8. APPENDIX

8.1 Information Checklist




Focuses	Verification Process
Identification (Registration/ Operation Status)	Full registration and operation status information is obtained and checked via public data available from the Chinese Government.
Legal Risk	Litigation Filings Subject company and its related companies are matched with HDBC Litigation Information Database. HDBC Litigation Information Database has more than 2.42 million corporate litigation filings, court information from over 116,000 valid core channels of 14,000 websites which cover major courts in China.
	Corporate Bribery Records Considering that the inquiry of bribery files in the procuratorial organs was stopped since Aug.1, 2018, the matching of bribery records is now conducted through inquiring wenshu.court.gov.cn, an inquiry website of the Chinese government for public information..
Regulatory Risk	Administrative Disclosure Information The information is searched and collected via local official register websites and major related domestic websites including: abnormal operation, serious illegal actions, administrative penalties, inspection information, etc.

	<p>Customs Disclosure Information The customs information of subject company is searched and collected via the websites of China's General Administration of Customs and other provincial directly affiliated Customs Units.</p> <p>Other Governmental Supervision and Administration Disclosure Information</p>
<p>Adverse Media</p>	<ul style="list-style-type: none"> Over 1,660,000 media records of Chinese enterprises have been collected in the HDDB database up to now. The adverse media of subject company is not only matched via the database, but also actively searched through over 3,000 core channels and 110,000 active sub-channels from 900 active mainstream media websites. Negative internet information and risk information come from major search engines such as Baidu. Over 370 key fields are searched, including bribery, unfair competition, commercial corruption, revocation, cancellation, frozen account, merger, acquisition, bankruptcy and close-down case. If it is available, the adverse media information of linkage(s) will also be searched in addition to subject and its relevant administrative staffs that are legally disclosed.
<p>Black/Sanction List</p>	<p>Chinese Corporate Blacklist The public blacklists available from local authorities are searched and matched with subject company.</p> <p>Overseas Sanction List Subject company and its related companies are matched with Overseas Sanction Database with millions of overseas sanction records including politically exposed person (PEP), sanction list, adverse media information and enhanced due diligence reports etc.</p>
<p>Potential Conflict of Business Interest (with Management Team)</p>	<p>Potential conflicts of business interest in subject company's principles (including legal representative, board members, supervisors, senior management personnel, etc.) and individual shareholders are screened via checking through registration authority and HDDB business database, browsing public websites, and screening relevant work experiences, to search whether exist following circumstances: be related with government officials, have potential shareholdings or positions in other enterprises.</p>
<p>Credit Risk</p>	<p>D&B Rating D&B Rating is generated based on subject company's net worth, registered capital, etc.</p> <p>D&B EMMA Score EMMA Score is generated by evaluating major financial risk factors of the subject company.</p> <p>D&B PAYDEX D&B PAYDEX is generated based on valid payment records collected from DUNTrade Program .</p>

8.2 HDDB Check Results Red/Yellow/Green Lights Explanations

For screening results, please be aware of those highlighted with red or yellow lights.

Signals	Details including
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 <p>Red Light : ALERT</p>	<p>Subject company or its principals</p> <ul style="list-style-type: none"> ■ Identification (deregistration or out of business operation status) ■ Legal Risk (criminal litigation filings) ■ Corporate Bribery Records (with matched results) ■ Regulatory Risk (local authorities' administrative disclosure information on abnormal operation or serious non-compliant enterprise and etc. subject to specific conditions*¹) ■ Adverse Media ■ Black/Sanction List ■ Credit Risk (subject company is in the "monitoring group" of the Risk Assessment Matrix)
 <p>Yellow Light : ATTENTION</p>	<p>Subject company, its related companies or principals</p> <ul style="list-style-type: none"> ■ Legal Risk (civil litigation filings or the case of action cannot be confirmed) ■ Regulatory Risk (local authorities' administrative disclosure information on administrative penalties, 12315 complaints, notification of revoked business letter of hearing, inspection information, etc. subject to specific conditions*², or rated D Class – rather poor credit in Customs Class, etc.) ■ Adverse Media ■ Potential Conflict of Business Interest (with Management Team) ■ Credit Risk (Subject company is in "high risk group" in the Risk Assessment Matrix) <p>Subject company's related companies</p> <ul style="list-style-type: none"> ■ Legal Risk (criminal litigation filings) ■ Adverse Media ■ Black/Sanction List
 <p>Green Light</p>	<ul style="list-style-type: none"> ■ No record is found in above areas so far

*1 Note:

- Subject company has been listed in the enterprises with abnormal operations for more than 3 years and has not been removed from the list yet.

- Subject company has been listed in the list of Seriously Non-compliant Enterprises, or was removed from the list within 2 years.

*2 Note:

- Subject company has been listed in the enterprises with abnormal operations within 3 years and haven't been removed from the list yet.

- Subject company has been de-listed from enterprises with abnormal operations within 1 year.

8.3 Customs Remark

On March 3, 2018, General Administration of Customs of the People's Republic of China published the announcement of the implementation of 'Customs Enterprise Credit Management Measures of the People's Republic of China'. From May 1, 2018, the customs recognize the certified enterprises, general credit enterprise and dishonest enterprises according to the enterprise integrity. The certified enterprises are divided into high certified enterprises and general certified enterprises.

Please refer to the customs chain link: No. 237 order of General Administration of Customs (Customs Enterprise Credit Management Measures of the People's Republic of China)

<http://www.customs.gov.cn/customs/302249/302266/302267/1471687/index.html>

8.4 Glossary of Terms

D-U-N-S® Number

The Data Universal Numbering System (D-U-N-S® Number) is a standard for keeping track of companies all over the world. D-U-N-S® Number is a unique nine-digit code assigned to each company worldwide.

Standard Industrial Classification (SIC)

The Standard Industrial Classification (SIC) system was first developed by the U.S. Government and has been widely adopted as the standard coding system used to define and analyze industry structure.

Principals

Principals refer to the subject company's legal representative, chairman, supervisors, senior management (general manager, finance director, etc.).

Ultimate Parent Company

Ultimate parent is the top, most important, responsible entity within the corporate family tree.

Parent Company

A parent company is a company holding more than 50% shares of subject company.

Minor Shareholder

Minor shareholder is a company holding less than 50% shares of subject company.

Subsidiary Company

A subsidiary is a company with more than 50% shares owned by subject company.

Affiliated Company

An affiliated company is a company with 50% or less shares owned by subject company.

Branch

A Branch is a secondary location for which its headquarters has legal responsibility. Typically, a branch is at a separate location. However, a branch can be located together with its headquarters or sister branch, provided they have unique, separate, and distinct operations.

-- End of the Report --